



High Point

September 9, 2013

Archdale

The Honorable Kathy Harrington
16 W. Jones Street,
Room 2113

The Honorable Frank Iler
300 N. Salisbury Street,
Room 637

The Honorable John Torbett
300 N. Salisbury Street,
Room 538

Denton

Raleigh, NC 27601-2808

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To the Joint Legislative Transportation Oversight Committee

Jamestown

Subject: Recommendations for Future Project Evaluation under STI

Lexington

The SPOT staff and the SPOT working group have done yeoman's work to fit SPOT into the Strategic Transportation Initiative framework. Their effort has improved our ability to choose the best transportation investments for a limited, and shrinking, pool of money. This letter proposes some things that could make the system even better.

Thomasville

SPOT 3 is the third round of objective project ranking for NCDOT. We learned much from SPOT 1 and then from SPOT 2. We can expect to learn more about our data and what works from SPOT 3 as well. To ensure that we capture this information the Department of Transportation should commission an independent evaluation of the SPOT system. This evaluation should include factors such as correlation and covariance to discover if two variables are related. It should also consider whether certain project types (*e.g.*, new interchanges) are being undervalued compared to congestion relief projects. The SPOT team could use the evaluation report as a starting point for improving the SPOT system instead of starting from scratch.

Trinity

Wallburg

Davidson
County

Ideally, the Department will include net present value and uncertainty in the process. SPOT already includes project cost and project benefit in its calculations. The system could easily be improved by accounting for the net present value of money, just as businesses do. Another thing that could be easily included is the concept of project payback time. By dividing a project's cost by the yearly user benefit the Department could quickly get some idea of the return on investment offered by a project. The payback period also gives a quick 'reality check' of the quality of the information supporting the project.

Forsyth
County

Guilford

Finally, although quantitative data is important it may not capture all of the information needed to make a good decision. Elected officials and professionals know a lot of project information that does not fit easily into the quantitative format. We need to work to find ways to rigorously and consistently include this data in project evaluations. For example, how much value does better access provide to local economic development, or what happens if a

major employer needs an improvement to compete globally, or how does this project fit into state and local goals.

Thank you for this opportunity to comment on SPOT and the implementation of the Strategic Transportation Initiative.

Sincerely,

A handwritten signature in black ink, reading "David W. Hyder". The signature is fluid and cursive, with the first name "David" being the most prominent.

David W. Hyder, P.E.

Cc: Mr. Jim Trogdon, P.E.
Mr. Nick Tennyson, Jr.
Mr. Don Voelker
Ms. Amna Cameron
Mr. Beau Memory